

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WASHINGTON

CITY OF LEAVENWORTH, a
Washington municipal corporation,

Plaintiff,

v.

PROJEKT BAYERN
ASSOCIATION, a Washington
nonprofit corporation,

Defendant/Third-Party Plaintiff,

v.

LEAVENWORTH CHAMBER OF
COMMERCE, a Washington
nonprofit corporation,

Third-Party Defendant.

NO. 2:22-CV-0174-TOR

ORDER GRANTING PLAINTIFF'S
MOTION TO DISMISS
DEFENDANT'S AMENDED
COUNTERCLAIMS AND THIRD-
PARTY DEFENDANT'S MOTION
TO DISMISS THIRD-PARTY
COMPLAINT

BEFORE THE COURT are Plaintiff's Motion to Dismiss Defendant's
Amended Counterclaims (ECF No. 34) and Third-Party Defendant's Motion to
Dismiss Plaintiff's Third-Party Complaint (ECF No. 36). These matters were

ORDER GRANTING PLAINTIFF'S MOTION TO DISMISS DEFENDANT'S
AMENDED COUNTERCLAIMS AND THIRD-PARTY DEFENDANT'S
MOTION TO DISMISS THIRD-PARTY COMPLAINT ~ 1

1 submitted for consideration without oral argument. The Court has reviewed the
2 record and files herein and is fully informed. For the reasons discussed below,
3 Plaintiff's Motion to Dismiss Defendant's Amended Counterclaims (ECF No. 34)
4 is **granted** and Third-Party Defendant's Motion to Dismiss Plaintiff's Third-Party
5 Complaint (ECF No. 36) is **granted**.

6 **BACKGROUND**

7 This matter relates to two competing Oktoberfest celebrations, one
8 organized by Plaintiff the City of Leavenworth ("City") and the other organized by
9 Defendant the Projekt Bayern Association ("Projekt Bayern").¹ ECF No. 1. On
10 September 21, 2022, Projekt Bayern filed Amended Counterclaims against the City
11 and a Third-Party Complaint against Third-Party Defendant Leavenworth Chamber
12 of Commerce ("Chamber"). ECF No. 21. The Amended Counterclaims and
13 Third-Party Complaint raise the following causes of action: (I) false designation of
14 origin, false description, and unfair competition in violation of 15 U.S.C. § 1125(a)
15 (against the City); (II) false designation of origin, false description, and unfair
16 competition in violation of 15 U.S.C. § 1125(a) (against the Chamber); (III)
17 common law unfair competition (against the City); (IV) common law unfair
18 competition (against the Chamber); (V) violation of Washington's Consumer

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20 ¹ The Court refers to the parties by name for clarity.

1 Protection Act (against the City); and (VI) violation of Washington’s Consumer
2 Protection Act (against the Chamber). *Id.* at 15–28, ¶¶ 61–134. The following
3 facts are drawn from Projekt Bayern’s Amended Counterclaims and Third-Party
4 Complaint, which are accepted as true for the purposes of the present motion.
5 *Chavez v. United States*, 683 F.3d 1102, 1108 (9th Cir. 2012).

6 Since August 1998, Projekt Bayern has rendered, among other things,
7 entertainment services in the nature of organizing and conducting cultural festivals
8 featuring food, beverages, alcohol, live musical performances, and entertainment
9 for children and adults (“Projekt Bayern Services”) in connection with the
10 trademark LEAVENWORTH OKTOBERFEST. ECF No. 21 at 3, ¶ 8. Since that
11 time, Projekt Bayern has operated its LEAVENWORTH OKTOBERFEST festival
12 in the City of Leavenworth. *Id.* at 4, ¶ 16.

13 On September 26, 2012, the City and Projekt Bayern entered into a lease
14 agreement that leased Projekt Bayern space for its LEAVENWORTH
15 OKTOBERFEST event. *Id.*, ¶ 17. Under this agreement, the original term was
16 five years, with the possibility of automatic renewal after this first five-year period.
17 *Id.* at 5, ¶ 18. In 2017, the 2012 lease agreement was renewed. *Id.*, ¶ 22.

18 On July 11, 2017, LEAVENWORTH OKTOBERFEST was placed on the
19 Principal Register of the United States Patent and Trademark Office (“USPTO”),
20 Registration No. 5,239,374. *Id.* at 3, ¶¶ 9–10. Projekt Bayern invested hundreds

1 of thousands of dollars in advertising, services, and in creating brand and goodwill
2 in connection with LEAVENWORTH OKTOBERFEST. *Id.* at 3–4, ¶¶ 13–14. As
3 a result of these activities, the public travels across the country yearly to participate
4 in Projekt Bayern’s LEAVENWORTH OKTOBERFEST event and the public
5 recognizes LEAVENWORTH OKTOBERFEST as representing Projekt Bayern’s
6 services. *Id.* at 4, ¶ 15.

7 On March 23, 2021, the City terminated the 2012 lease agreement. *Id.* at 6,
8 ¶ 24.

9 On June 3, 2022, the City issued a press release stating: “Historically,
10 October has been reserved for Oktoberfest. The City is seeking a new style of
11 partnership with an entity that will conceptualize, plan, prepare, execute, evaluate
12 and replicate a marquee event to promote the City, showcase local businesses,
13 respect community character, celebrate inclusion, and balance the needs of visitors
14 and residents in October.” *Id.* at 6, ¶ 25. The City rejected Projekt Bayern’s
15 proposal to operate a LEAVENWORTH OKTOBERFEST event. *Id.*, ¶ 26.

16 Following the City’s rejection, Projekt Bayern moved its LEAVENWORTH
17 OKTOBERFEST event to Wenatchee, Washington. *Id.*, ¶ 28. Projekt Bayern
18 continues to operate the LEAVENWORTH OKTOBERFEST event in the same
19 manner as years prior, including hiring the same musicians and vendors, marketing
20 the event to the same prospective visitors, shuttling bus services between

1 Leavenworth and Wenatchee, and promoting Old-World Bavarian themes in
2 Leavenworth and the surrounding area. *Id.* at 6–7, ¶ 29.

3 On July 11, 2022, the City announced that it would operate an “Oktoberfest
4 2022” (“2022 Festival”) in Leavenworth to compete with Projekt Bayern’s event in
5 Wenatchee. *Id.* at 7, ¶ 33. The Chamber, in partnership with the City, planned to
6 provide the 2022 Festival in a geographic area that directly overlaps with the area
7 in which Projekt Bayern provides its’ services. *Id.* at 7–8, ¶ 34. The City and
8 Chamber marketed the 2022 Festival as an “event identical” to Projekt Bayern’s.
9 *Id.* at 8, ¶ 35. Despite Projekt Bayern’s event being the only Oktoberfest in the
10 City for 20 years, the City and Chamber advertised that “Oktoberfest returns to
11 Leavenworth” and included photos of Projekt Bayern events. *See id.* at 8–11, ¶¶
12 36–43. While Projekt Bayern does not allege the City or Chamber used its
13 trademark, it alleges in one advertisement that the words “Leavenworth” and
14 “Oktoberfest” are “close together to subconsciously bring ‘LEAVENWORTH
15 OKTOBERFEST’ to the consumers’ minds.” *Id.* at 10, ¶ 39.

16 DISCUSSION

17 I. Motion to Dismiss Standard

18 Federal Rule of Civil Procedure 12(b)(6) provides that a defendant may
19 move to dismiss the complaint for “failure to state a claim upon which relief can be
20 granted.” A 12(b)(6) motion will be denied if the plaintiff alleges “sufficient

1 factual matter, accepted as true, to ‘state a claim to relief that is plausible on its
2 face.’” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Bell Atl. Corp. v.*
3 *Twombly*, 550 U.S. 544, 570 (2007)). While the plaintiff’s “allegations of material
4 fact are taken as true and construed in the light most favorable to the plaintiff” the
5 plaintiff cannot rely on “conclusory allegations of law and unwarranted inferences
6 ... to defeat a motion to dismiss for failure to state a claim.” *In re Stac Elecs. Sec.*
7 *Litig.*, 89 F.3d 1399, 1403 (9th Cir. 1996) (citation and brackets omitted). That is,
8 the plaintiff must provide “more than labels and conclusions, and a formulaic
9 recitation of the elements.” *Twombly*, 550 U.S. at 555.

10 When deciding, the Court’s review is limited to the complaint, documents
11 incorporated into the complaint by reference, and judicial notice. *Metzler Inv.*
12 *GMBH v. Corinthian Colleges, Inc.*, 540 F.3d 1049, 1061 (9th Cir. 2008).

13 **II. Counterclaims**

14 The City moves to dismiss the Amended Counterclaims (Counts I, III, and
15 V) asserted against it on the grounds Projekt Bayern failed to provide pre-suit
16 notice for tort claims as required by Washington law. ECF No. 34 at 9–10. The
17 City raises other arguments the Court does not address where the issue of pre-suit
18 notice is dispositive to dismissing the counterclaims.

19 Under Washington law, “[a]ll local governmental entities ... shall be liable
20 for damages arising out of their tortious conduct ... to the same extent as if they

1 were a private person or corporation.” RCW 4.96.010(1). However, “[f]iling a
2 claim for damages within the time allowed by law shall be a condition precedent to
3 the commencement of any action claiming damages.” *Id.* No action may be filed
4 until 60 days have elapsed after the claim is presented to the local government
5 entity. RCW 4.96.020(4). While the statute authorizes “substantial compliance”
6 with the substance of the claim, Washington courts require “strict compliance with
7 the filing procedures themselves.” *Pirtle v. Spokane Pub. Sch. Dist. No. 81*, 83
8 Wash. App. 304, 309 (1996) (internal citations omitted). The remedy for failure to
9 comply with the filing procedures is dismissal. *Id.*

10 The parties do not dispute that Counts I, III, and V of the Amended
11 Counterclaims sound in tort. *See Liberty Ammunition, Inc. v. United States*, 101
12 Fed. Cl. 581, 591 (2011); *Brown v. Safeway Stores, Inc.*, 94 Wash. 2d 359, 366
13 (1980). These counterclaims seek relief for damage to Projekt Bayern’s business
14 reputation and goodwill. ECF No. 21 at 18, ¶¶ 75–76, 22, ¶¶ 98–99, 25–26, ¶¶
15 120–121. The counterclaims are devoid of any assertion Projekt Bayern complied
16 with Washington’s pre-suit notice filing requirements. *See id.*

17 First, Projekt Bayern argues the counterclaims are not barred because
18 Projekt Bayern also seeks injunctive relief against the City. ECF No. 42 at 7. This
19 would allow a plaintiff to skirt the pre-suit notice requirement merely by seeking
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1 injunctive relief in addition to damages for tort claims. Projekt Bayern cites no
2 authority in support of this position, and the Court finds none.

3 Second, Projekt Bayern asserts it submitted a tort claim to the City on
4 October 4, 2022. ECF No. 42 at 7. Projekt Bayern cites no evidence the Court
5 may review in support of this bare assertion. *Metzler*, 540 F.3d at 1061. As a
6 result, the Court dismisses without prejudice Projekt Bayern’s counterclaims
7 against the City for failure to comply with RCW 4.96.010.

8 **III. Third-Party Complaint**

9 The Chamber moves to dismiss all claims the (Counts II, IV, and VI)
10 asserted against it. ECF No. 36 at 5.

11 **A. Incorporation-by-Reference**

12 As an initial matter, the parties dispute whether the Court may consider two
13 declarations the Chamber submitted in support of its motion. ECF Nos. 43 at 2, 47
14 at 6. The Chamber asserts the Court may introduce evidence contradicting Projekt
15 Bayern’s claim “that it has been the sole provider of Oktoberfest events in
16 Leavenworth for 20 years.” ECF No. 47 at 8.

17 A court may consider documents incorporated by reference into a complaint
18 to “prevent[] plaintiffs from selecting only portions of documents that support their
19 claims, while omitting portions of those very documents that weaken – or doom –
20 their claims.” *Khoja v. Orexigen Therapeutics, Inc.*, 899 F.3d 988, 1002 (9th Cir.

1 2018). However, this “doctrine is not a tool for defendants to short-circuit the
2 resolution of a well-pleaded claim.” *Id.* at 1003.

3 Setting aside the declarations do not purport to provide context for any
4 documents referenced in the Third-Party Complaint, the evidence merely disputes
5 Projekt Bayern’s factual allegations. *Khoja*, 899 F.3d at 1003. As a result, the
6 Court does not consider these declarations. Fed. R. Civ. P. 12(d).

7 **B. Chamber Claims**

8 The Chamber moves to dismiss Projekt Bayern’s Third-Party Complaint
9 claims. ECF No. 36 at 8. Projekt Bayern asserts it is not claiming trademark
10 infringement and its claims are otherwise adequately pled. ECF No. 43 at 8.

11 In relevant part:

12 Any person who, on or in connection with any goods or services ...
13 uses in commerce any word, term, name, symbol or device, or any
14 combination thereof, or any false designation of origin, false or
15 misleading description of fact, or false or misleading representation of
16 fact, which ... is likely to cause confusion ... or to deceive as to the
17 affiliation ... shall be liable in a civil action....

18 15 U.S.C. § 1125(a).

19 This section protects against infringement of registered and unregistered
20 marks, as well as trade dress. *S. California Darts Ass’n v. Zaffina*, 762 F.3d 921,
926 (9th Cir. 2014). For any claim under this section, a plaintiff must show “(1) it

1 has a valid, protectable trademark, and (2) the defendant's use of the mark is likely
 2 to cause confusion." *Id.* at 929 (internal citation and brackets omitted).

3 While Projekt Bayern asserts it owns the LEAVENWORTH
 4 OKTOBERFEST mark, it does not make a claim for trademark infringement. ECF
 5 No. 43 at 8. Projekt Bayern concedes it "is not claiming the rights to the name
 6 'Leavenworth' or the word 'Oktoberfest' alone, but instead the mark as a whole."
 7 ECF No. 43 at 10. However, Projekt Bayern does not allege the Chamber used the
 8 "mark as a whole." *See* ECF No. 21. Based on the allegations in the Third-Party
 9 Complaint, the Court finds Projekt Bayern has failed to state a § 1125(a) claim for
 10 failure to allege the Chamber used Projekt Bayern's mark.

11 For the same reason, Projekt Bayern's Washington unfair competition and
 12 CPA claims must be dismissed. *See* RCW 19.86.920; *Seattle Endeavors v. Mastro*,
 13 123 Wash. 2d 339, 350 (1994); *eAcceleration Corp. v. Trend Micro, Inc.*, 408 F.
 14 Supp. 2d 1110, 1114 (W.D. Wash. 2006).

15 **ACCORDINGLY, IT IS HEREBY ORDERED:**

16 1. Plaintiff's Motion to Dismiss Defendant's Amended Counterclaims (ECF
 17 No. 34) is **GRANTED**. Defendant's counterclaims (Counts I, III, and V)
 18 against Plaintiff are **DISMISSED without prejudice**.

19 2. Third-Party Defendant's Motion to Dismiss Third-Party Plaintiff's

20 Complaint (ECF No. 36) is **GRANTED**. Defendant's third-party claims

1 against Third-Party Defendant (Counts II, IV, and VI) are **DISMISSED**
2 **without prejudice.**

3 The District Court Executive is directed to enter this Order and furnish
4 copies to counsel.

5 DATED December 7, 2022.



Thomas O. Rice

THOMAS O. RICE
United States District Judge

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